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## Martin Starnes & Associates, CPAs, P.A.

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*A Professional Association of Certified Public Accountants and Management Consultants*

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Lee County  
Sanford, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lee County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lee County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly,

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, members of management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
September 2, 2005



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## Martin Starnes & Associates, CPAs, P.A.

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### **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of Commissioners  
Lee County  
Sanford, North Carolina

#### **Compliance**

We have audited the compliance of Lee County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. Lee County, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lee County's compliance with those requirements.

In our opinion, Lee County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of Lee County, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lee County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
September 2, 2005



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Martin Starnes & Associates, CPAs, P.A.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE  
SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE  
AUDIT IMPLEMENTATION ACT**

Board of Commissioners  
Lee County  
Sanford, North Carolina

**Compliance**

We have audited the compliance of Lee County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2005. Lee County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee County, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Lee County, North Carolina's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lee County, North Carolina's compliance with those requirements.

In our opinion, Lee County, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of Lee County, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Lee County, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
September 2, 2005

**LEE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Summary of Auditors' Results**

- A. An unqualified opinion was issued on the financial statements of Lee County, North Carolina.
- B. Our audit of the basic financial statements disclosed no material weaknesses or reportable conditions in internal control.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that is material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no reportable conditions in internal controls over major programs.
- E. An unqualified opinion was issued on Lee County's compliance with types of compliance requirements applicable to its major Federal programs.
- F. An unqualified opinion was issued on Lee County's compliance with types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no audit findings, which relate to federal and State awards.
- H. The major federal programs for Lee County for the year ended June 30, 2005 were:

<b>CFDA Number</b>	<b>Federal Program/Cluster Name</b>
10.557	Special Supplemental Nutrition Program For Women, Infants, and Children
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program (cluster)
93.778	Medicaid
10.551	Food Stamp Program

- I. The major State programs for Lee County for the year ended June 30, 2005 were:

<b>Federal Program/Cluster Name</b>
State/County Special Assistance for Adults
Subsidized Child Care Program (cluster)
Medicaid

- J. The threshold for determining Type A programs for the County was \$1,137,007.

**LEE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

K. Lee County did not qualify as a low risk auditee under Section .530 of Circular A-133.



**LEE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Financial Statements Findings**

None reported

**Federal Award Findings and Questioned Costs**

None reported

**State Award Findings and Questioned Costs**

None reported

**LEE COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2005**

There were no prior year findings

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2005**

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>FEDERAL GRANTS</u></b>					
<b>U.S. Department of Agriculture</b>					
<b>Food and Nutrition Service</b>					
<b>Passed through N. C. Department of Health and Human Services</b>					
<b>Division of Public Health</b>					
<b>Administration:</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		\$ 232,036	\$ -	\$ -
<b>Direct Benefit Payments:</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		1,205,368	-	-
<b>Passed through N.C. Department of Health and Human Services</b>					
<b>Division of Social Services</b>					
<b>Administration:</b>					
State Administrative Matching Grants for Food Stamp Program	10.561		264,324	-	270,913
<b>Direct Benefit Payments:</b>					
State Administrative Matching Grants for Food Stamp Program	10.561		4,213,218	-	-
Total Food Stamp Cluster			4,477,542	-	270,913
<b>Passed through Triangle J Council of Governments:</b>					
Nutrition Services Incentive	10.570		18,378	-	-
<b>Passed through N. C. Department of Public Instruction</b>					
<b>Child Nutrition Cluster:</b>					
School Breakfast Program	10.553		1,578	-	-
National School Lunch Program	10.555		1,306	-	-
Total Child Nutrition Cluster			2,884	-	-
Total US Department of Agriculture			5,936,208	-	270,913
<b>U.S. Elections Assistance Commission</b>					
<b>Passed through N.C. State Board of Elections</b>					
Title 1 HAVA Funds	39.011		6,310	-	-
Total US Elections Assistance Commission			6,310	-	-
<b>U.S. Department of Health and Human Services</b>					
<b>Direct Program</b>					
Runaway and Homeless Youth Program	93.623		75,000	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>FEDERAL GRANTS (Continued)</b>					
<b>U.S. Department of Health and Human Services (Continued)</b>					
<b>Office of the Secretary</b>					
<b>Passed through N. C. Department of Health and Human Services</b>					
<b>Division of Public Health</b>					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		\$ 840	\$ -	\$ -
Immunization Program/Aid to County Funding	93.268		21,671	-	-
Bioterrorism Grant	93.283		57,387	-	-
Temporary Assistance for Needy Families	93.558		8,343	-	-
Coop Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		13,000	-	-
Statewide Health Promotion Program	93.991		26,284	-	-
Maternal and Child Health Services Block Grant	93.994		279,421	-	-
<b>Administration for Children and Families</b>					
<b>Passed through N.C. Board of Elections</b>					
Accessibility Grant	93.617		1,274	-	-
<b>Administration for Children and Families</b>					
<b>Passed through N.C. Department of Human Resources</b>					
<b>Division of Social Services</b>					
Foster Care and Adoption:					
Title IV-E Foster Care	93.658		143,181	17,628	9,603
Foster Care - Direct Benefit Payments	93.658		34,910	8,189	8,189
Adoption Assistance - Direct Benefit Payments	93.659		168,253	48,809	48,808
Total Foster Care and Adoption			346,344	74,626	66,600
Temporary Assistance for Needy Families	93.558		464,108	-	683,938
N. C. Child Support Enforcement Section	93.563		525,166	-	228,909
Low-Income Home Energy Assistance	93.568		152,008	-	2,734
Childcare Development Fund - Administration	93.596		80,681	-	-
Child Welfare Services	93.645		11,579	2,682	3,065
SSBG	93.667		257,476	26,597	141,418
Independent Living Grant	93.674		1,899	475	-
<b>Direct Benefit Payments:</b>					
Temporary Assistance for Needy Families	93.558		451,636	(190)	2,480
Low-Income Home Energy Assistance	93.568		69,941	-	-
Permanency Planning:					
Child Welfare Services	93.645		-	81,784	19,511

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<b>FEDERAL GRANTS (Continued)</b>					
<b>U.S. Department of Health and Human Services (Continued)</b>					
<b>Administration on Aging</b>					
<b>Division of Social Services</b>					
<b>Passed through Triangle J Council of Governments</b>					
Special Programs for the Aging - Title III-F Disease Prevention & Health Promotion Services	93.043		\$ 2,832	\$ 168	\$ 333
National Family Caregiver Support	93.052		28,667	1,895	-
Aging Cluster:					
Special Programs for the Aging - Title III B, Grants for Supportive Services and Senior Centers	93.044		77,830	4,616	70,984
Special Programs for the Aging - Title III C - Nutrition Service	93.045		45,097	2,676	54,073
Total aging cluster			<u>122,927</u>	<u>7,292</u>	<u>125,057</u>
<b>Health Care Financing Administration</b>					
<b>Passed through N. C. Department of Health and Human Services</b>					
<b>Division of Medical Assistance</b>					
<b>Direct Benefit Payments:</b>					
Medical Assistance Program	93.778		26,541,511	12,698,819	2,190,233
<b>Division of Social Services</b>					
<b>Administration and Services:</b>					
Medical Assistance Program	93.778		606,446	42,249	564,196
Total Medicaid Cluster			<u>27,147,957</u>	<u>12,741,068</u>	<u>2,754,429</u>
State Children's Insurance Program	93.767		33,618	3,023	-
<b>Division of Child Development</b>					
<b>Subsidized Child Care Cluster:</b>					
Child Care and Development Fund - Discretionary	93.575		656,314	-	-
Child Care and Development Fund - Mandatory	93.596		304,063	-	-
Child Care and Development Fund - Match	93.596		224,140	128,862	-
Social Services Block Grant	93.667		12,392	-	-
Temporary Assistance for Needy Families	93.558		191,993	-	-

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>FEDERAL GRANTS (Continued)</b>					
<b>U.S. Department of Health and Human Services (Continued)</b>					
<b>Health Care Financing Administration (Continued)</b>					
<b>Division of Child Development (Continued)</b>					
Child Care Cluster (Continued)					
State Funds:					
Smart Start			\$ -	\$ 16,936	\$ -
State Appropriations			-	76,376	-
Maintenance of Effort			-	484,605	-
More at Four			-	39,631	-
Total Child Care Cluster			1,388,902	746,410	-
Total U.S. Department of Health and Human Services			31,568,961	13,685,830	4,028,474
<b>U.S. Department of Homeland Security</b>					
<b>Passed through N.C. Department of Crime Control and Public Safety</b>					
<b>Division of Emergency Management:</b>					
State Domestic Preparedness Equipment Support Program	97.004		117,856	-	-
Total U.S. Department of Homeland Security			117,856	-	-
<b>U.S. Department of Justice</b>					
<b>Direct Program</b>					
Local Law Enforcement Block Grant	16.592		3,688	-	408
Bullet Proof Vest Grant	16.607		2,428	-	2,428
<b>Passed through N.C. Department of Crime Control and Public Safety</b>					
<b>Governors Crime Commission</b>					
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		51,472	-	-
Total U.S. Department of Justice			57,588	-	2,836

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b><u>FEDERAL GRANTS (Continued)</u></b>					
<b>U.S. Department of Transportation</b>					
<b>Passed through N.C. Department of Transportation:</b>					
Nonurbanized Area Formula Program	20.509	04-CT-061			
		WBS. #36233.65.5.5	\$ 199	\$ -	\$ 35
Nonurbanized Area Formula Program	20.509	04-CT-061			
		WBS #36233.65.5.1	28,858	1,804	5,411
Nonurbanized Area Formula Program	20.509	05-CT-061			
		WBS #36233.65.6.1	79,450	4,966	14,897
Total U.S. Department of Transportation			108,507	6,770	20,343
<b>Federal Emergency Management Agency</b>					
<b>Passed through N.C. Department of Crime Control and Public Safety</b>					
<b>Division of Emergency Management:</b>					
Emergency Management - Performance Grants	83.552		31,846	-	-
Total Federal Emergency Management Agency			31,846	-	-
<b>U.S. Department of Housing and Urban Development</b>					
<b>Passed through N.C. Department of Commerce</b>					
<b>Division of Community Assistance</b>					
Community Development Block Grant	14.228		72,970	-	-
Total U.S. Department of Housing and Urban Development			72,970	-	-
<b><u>STATE GRANTS</u></b>					
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Aging</b>					
<b>Passed through Triangle J Council of Governments:</b>					
Senior Out Reach			-	5,881	1,962
Senior Center Grant			-	5,911	1,971
Access and In Home Services - 90% State Funds			-	131,705	111,119
Nutrition Services - 90% State Funds			-	46,225	51,962

(Continued)

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>STATE GRANTS (Continued)</b>					
<b>N.C. Department of Transportation</b>					
Elderly and Handicapped Transportation Assistance Program			\$ -	\$ 53,809	\$ -
Rural Public Transportation Assistance			-	32,062	-
Capital Purchase Grant		05-CT-061			
		WBS# 36226.61.4.3	-	1,486	165
<b>N.C. Department of Cultural Resources</b>					
<b>Division of State Library</b>					
State Aid to Libraries			-	110,483	-
Quiz Bowl Grant			-	113	-
<b>N.C. Department of Environment and Natural Resources</b>					
<b>Division of Waste Management</b>					
Waste Reduction and Recycling			-	20,115	977
<b>N.C. Department of Justice</b>					
Safe Roads Act			-	9,257	-
<b>N.C. Division of Veterans' Affairs</b>					
Veterans' Services			-	2,000	15,183
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Public Health</b>					
General Administration			-	21,616	-
Communicable Disease			-	3,464	-
Tuberculosis			-	8,509	-
AIDS-State			-	500	-
TB Medical Services			-	1,529	-
Women's Preventative Health			-	1,489	-
Risk Reduction/Health Promotion			-	14,225	-
<b>Division of Budget &amp; Analysis</b>					
Human Resources Grant			-	5,477	-
<b>N.C. Department of Health and Human Services</b>					
<b>Human Services</b>					
<b>Administration and Services:</b>					
CP&L Energy Program			-	9,675	-
State Aid to Counties			-	39,169	-
DCD Smart Start Administration			-	34,357	-
Adult Protective Services			-	9,096	-
CPS Expansion			-	49,801	-
<b>Direct Benefit Payments:</b>					
State/County Special Assistance for Adults			-	464,796	464,796
State Foster Care Benefits Program			-	31,955	31,955
N. C. Division for Blind			-	65	-
At-Risk Foster Care			-	572	334

(Continued)



**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>STATE GRANTS (Continued)</b>					
<b>N.C. Department of Juvenile Justice and and Delinquency Prevention</b>					
Governor's One-on-One			\$ -	\$ 33,000	\$ -
JCPC Funding			-	170,176	-
<b>N.C. Parks and Recreation Trust Fund</b>					
Tramway Road Project		2004-340	-	127,260	-
<b>Total Assistance</b>			<b>\$ 37,900,246</b>	<b>\$ 15,138,378</b>	<b>\$ 5,002,990</b>

**Notes to the Preceding Schedule:**

**Note 1 - Major Program**

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of federal awards expanded. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Lee County and is presented, as much as practicable, on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

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